

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 AGR-10 PA-02 PRS-01 /081 W

----- 076054

R 091415Z JUL 76

FM AMCONSUL MILAN

TO SECSTATE WASHDC 4826

INFO AMEMBASSY ROME

AMEMBASSY PARIS

AMEMBASSY BONN

UNCLAS MILAN 1596

E.O. 11652: N/A

TAGS: SENV, IT

SUBJECT: DROUGHT IN NORTHERN ITALY

1. SUMMARY. DROUGHT IN PO VALLEY (MAINLY REGIONS OF LOMBARDY, VENETO, AND PART OF PIEDMONT AND EMILIA) HAS ALREADY DONE SOME DAMAGE, NOTABLY TO CORN AND FORAGE CROPS. DAMAGE THUS FAR SEEMS LIMITED, BUT PROSPECTS EXIST FOR EXTREME LOSSES IN EVENT OF CONTINUED DRYNESS. LOMBARDY ALONE PRODUCES OVER A QUARTER OF ALL ITALIAN FARM OUTPUT. MOST SERIOUS REPERCUSSIONS IF WORST OCCURS INCLUDE POSSIBLE LOSS OF LARGE NUMBER OF ITALY'S MEAT AND DAIRY CATTLE SOARING MEAT AND MILK PRICES, AND HEAVY NEGATIVE DENT IN ITALY'S BALANCE OF TRADE. GOVERNMENT HAS (1) PUT FORWARD VACATION PERIODS FOR WORKERS OF LARGE WATER-USING INDUSTRIES, (2) USED PART OF ELECTRICITY BOARDS WATER RESERVOIRS FOR IRRIGATION PURPOSES, AND (3) IS SEEKING WAYS TO PROVIDE FARMERS WITH LOW COST FEED GRAINS. UNLESS TWO TO FOUR DAYS OF HARD RAINS OCCUR WITHIN 10-15 DAYS, HOWEVER, THESE MEASURES WILL NOT AVERT WORST.END

2. ABSENCE OF SIGNIFICANT RAINFALL AND SPARSE SPRING

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SNOWFALLS IN ALPS ARE CAUSING POTENTIALLY SERIOUS PROBLEMS

FOR NORTHERN ITALIAN FARMERS AND CATTLE BREEDERS. PO VALLEY IRRIGATION SYSTEM HAS UNTIL NOW SAVED DAY FOR FARMERS (FRENCY NORMANDY AND BRITAINY, WERE NO IRRIGATION SYSTEM EXISTS, HAVE BEEN HIT MUCH HARDER), BUT IRRIGATION NOW DOWN TO 35 - 65 PERCENT OF NORMAL LEVEL. MOST AFFECTED THUS FAR HAVE BEEN CORN AND FORAGE CROPS.

3. ACTUAL DAMAGE SO FAR SEEMS LIMITED AS COMPARED WITH CASE IN FRANCE, THOUGH ASSESSMENTS ARE STILL BEING CONDUCTED AND PRECISE ESTIMATES ARE LACKING. LOMBARDY AGRICULTURAL OFFICE HAS MADE PRELIMINARY ESTIMATE OF 25 PER CENT CORN CROP LOSS IN PROVINCE. NO CATTLE HAVE BEEN SLAUGHTERED DUE TO DROUGHT: COWS STILL HAVE ENOUGH WATER TO DRINK AND, ALTHOUGH FEED GRAIN PRICES HAVE RISEN 15-30 PERCENT, THEY HAVE NOT GOTTEN TO POINT WHERE CATTLE RAISING IS UNECONOMIC.

4. PROSPECTS FOR EXTREME LOSSES IN EVENT OF CONTINUED DRYNESS HAVE RECEIVED ABUNDANT PRESS ATTENTION. LOMBARDY ALONE PRODUCES OVER QUARTER OF ALL ITALIAN FARM OUTPUT INCLUDING 33 PERCENT OF MILK, 18 PERCENT OF BEEF CATTLE SLAUGHTERED, 35 PERCENT OF RICE AND 22 PERCENT OF CORN. ONE CONSEQUENCE OF CONTINUED LACK OF RAINFALL WOULD BE SOARING MEAT AND MILK COSTS FOR FARMER DUE TO HIGHER FEED PRICES. ANOTHER RESULT - ACCORDING TO SMALL FARMERS' ASSOCIATION PRESIDENT NINO PISONI- COULD BE SLAUGHTER, OF AS MANY AS ONE MILLION CATTLE, SEVERE SETBACK FOR COUNTRY WHICH HAS WORKED HARD TO DECREASE DEPENDENCE ON FOREIGN MEAT IMPORTS. ANOTHER CONSEQUENCE WOULD BE FURTHER NEGATIVE CHANGE IN ITALIAN BALANCE OF TRADE. ALTHOUGH PO VALLEY EXPORTS ARE ONLY MODEST ENTRY IN TRADE BALANCE, ITALIAN AGRICULTURAL IMPORTS ARE SIGNIFICANT AND WOULD PERFORCE RISE IF LOCAL AGRICULTURAL SUFFERED HEAVILY. AMONG IMPORTANT COMMODITIES IMPORTS OF WHICH WOULD INCREASE ARE MEAT, SUGAR, CORN, BARLEY, AND OTHER FEED GRAINS.

5. GOI HAS REACTED TO PO VALLEY DROUGHT BY PROPOSING MEASURES WHICH INCLUDE (1) DIVERTING WATER DESTINED FOR INDUSTRIAL USE TO AGRICULTURE (NATIONAL ELECTRICITY BOARD - ENEL - HAS ALREDADY DRAWN PLANS TO REDIRECT SOME OF ITS WATER FOR PO VALLEY IRRIGATION), (2) IMPORTING FEED GRAINS (MOSTLY FROM US)

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TO BE PUT ON MARKET AT CONTROLLED PRICES, (3) OFFERING SUBSIDIZED LOANS TO FARMERS, AND (4) PUTTING FORWARD VACATION FOR WORKERS IN LARGE WATER-USING INDUSTRIES.

6. NEEDED AT THIS POINT, ACCORDING TO AGRICULTURAL EXPERTS, ARE NOT BRIEF THUNDERSTORMS--SEVERAL OF WHICH HAVE OCCURRED IN PAST DAYS IN PARTS OF AREA AFFECTED--BUT TWO TO FOUR DAYS OF HARD RAIN. IF SUCH RAINS DO NOT COME WITHIN 10-15 DAYS,

THEY SAY, MEASURES TAKEN BY GOVERNMENT WILL DELAY BUT NOT
AVERT IMPORTANT LOSSES DESCRIBED ABOVE.PARSONS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, AGRICULTURE, CROP DESTRUCTION, DROUGHTS, NATURAL DISASTERS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MILAN01596
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760266-0167
From: MILAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760775/aaaacnfz.tel
Line Count: 117
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: schwenja
Review Comment: n/a
Review Content Flags:
Review Date: 27 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27 MAY 2004 by chengls>; APPROVED <12 AUG 2004 by schwenja>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DROUGHT IN NORTHERN ITALY
TAGS: SENV, IT
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006